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USWEST

Cyndie Eby
Executive Director-
Federal Regulatory

Ex Parte

RECEIVED

June 10, 1997

JUN 10 1997

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street N.W., ROOM 222
Washington, D.C. 20554

RE: CC Docket 97-90/
CCB/CPD 97-12

Dear Mr. Caton:

Today, U S WEST representatives met with Thomas C. Power, Chief, Legal Branch, Competitive Pricing Division of the Common Carrier Bureau, and Anu Seam, attorney in the Competitive Pricing Division of the Common Carrier Bureau, to discuss U S WEST's views relative to the above referenced proceeding. U S WEST expressed the view that ICAM is a cost tracking mechanism and is an appropriate vehicle to recover start-up costs not recovered elsewhere for providing interconnection. In addition, U S WEST advocated that the state jurisdiction is the appropriate place to discuss these issues. The attached document was used in the discussion.

U S WEST was represented by Jerrold Thompson, Executive Director, Regulatory Finance; Robert McKenna, Corporate Counsel, and the undersigned.

In accordance with Section 1.1206(a)(2) of the Commission's rules, the original and one copy of this letter are being filed with your office. Acknowledgement and date of receipt are requested. A duplicate of this letter is included for this purpose.

Sincerely,

Cyndie Eby

Attachment

No. of Copies rec'd 071
LIST ABCDE

cc: Thomas C. Power
Anu Seam

USWC
ICAM

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- JUN 10 1997

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

ICAM Overview

5/5/97

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USWC
ICAM

ICAM - Recovery of Start-Up Costs Not Recovered Elsewhere for Providing Interconnection According to Governmental Mandates

- Costs Mainly in Areas of:
 - Modifying and Developing New Systems, Databases and Interfaces
 - Permanent Local Number Portability
 - Originating Transport and Tandem Switching

Measurement of Costs - Actual, Accounting Costs vs. Cost Studies

- New Types of Costs
- Timing and Sizing are Uncertain
- Size of Costs Dependent on How Much, What Type, When and Where Interconnection Occurs
- Certain Costs (e.g. National Standards Interface Costs) are Still Being Defined

Therefore the Company Proposes to Capture Actually Incurred, Auditable Costs

USWC ICAM

Areas of Discussion:

- Extraordinary Nature of Costs
- Description of Costs
- Basis for Recovery of Costs
- Tracking and Reporting of Costs
- Request for Special Recovery Mechanism
- True-Up Process

Extraordinary Nature of Costs

- Not Included in Existing Rates
- Not Comparable to Ongoing Improvements, Upgrades or Ordinary Changes
- Incremental Costs are Government Mandated
- Limited to "Start-Up" or "Transition" Costs
- Require Special Recovery Mechanism:
 - Costs are Mandated
 - Act Provided for Recovery of Such Costs
- Will Require Significant Expenditures

Description of Costs

- Modify Systems to Enable:
 - Preordering and Ordering
 - Provisioning
 - Maintenance and Repair
 - Billing
- Modify Existing Support Systems
 - Identify CLEC Data
 - Store CLEC Data
- Network Rearrangements
 - Costs to Extent Not Covered Elsewhere

USWC ICAM

Basis for Recovery:

- Primary Basis is Section 252(d) of Act Which Allows Recovery of Interconnection Costs Outside of Rate of Return Proceedings
- ICAM Based on Actual, Incurred Costs
- USWC Has Developed Cost Tracking Process to Help Identify and Track Costs, and Facilitate Audit
- Only Start-Up Costs Not Recovered Elsewhere Will be Identified for ICAM Purposes

**USWC
ICAM**

Tracking and Reporting of Costs

- System Costs Will be Tracked by Unique Product Codes
- Network Costs Will be Tracked Through Unique Codes or Shared Costs Will be Allocated Through Tracking of Actual Interconnect Usage Relative to Total Usage

USWC ICAM

Recovery of Costs

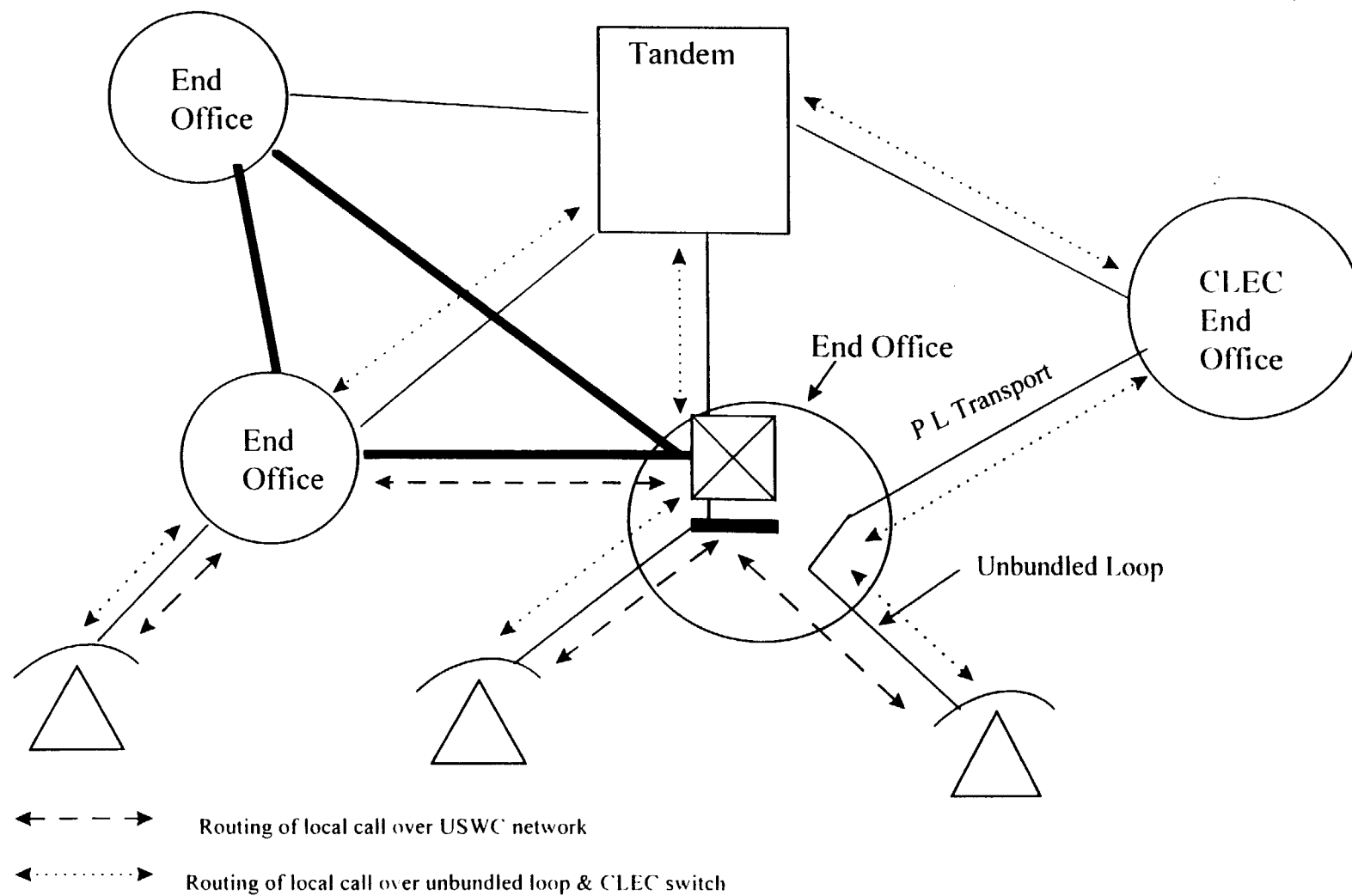
- USWC Proposing Three Year Amortization Due to Transitional Nature of Costs
- Examples of Issues Handled Outside of General Rate-of-Return Proceedings
 - Cost of Fuel Adjustments
 - Special Recovery for Rural Upgrades
 - Equal Access - Both FCC and State

USWC ICAM

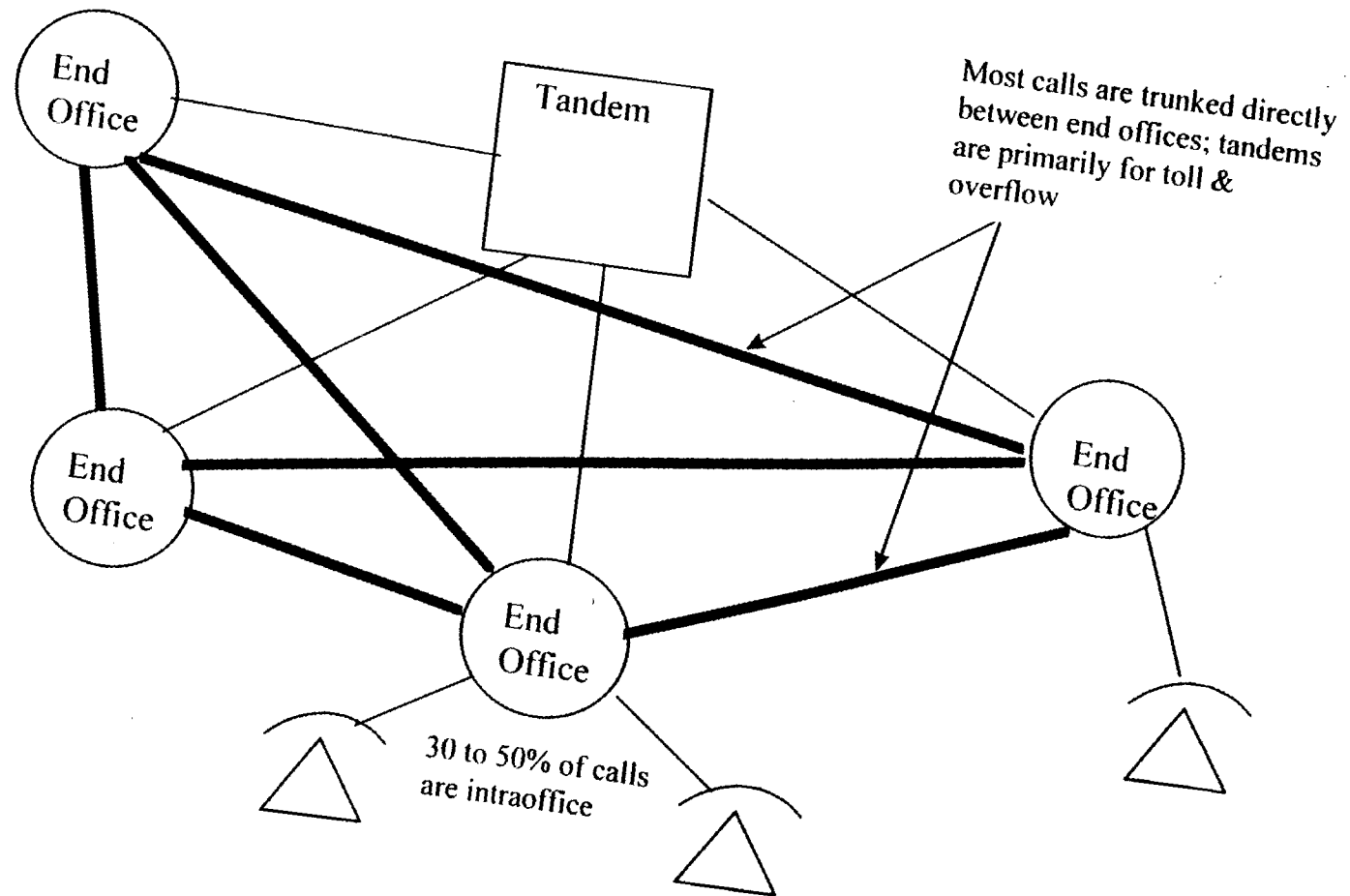
True-Up Mechanism

- Costs Will be Reported Quarterly, so ICAM Rates Can be Adjusted
- True-Ups Will be Made as Appropriate
- Recovery Mechanism Could be Tailored to Individual State
- Detailed Reports Will Allow Audit of Costs

CLEC Switch & Unbundled Loop



Existing Network



USWC

ICAM Issues

Nature of ICAM

- Cost Tracking
- Advocacy

Nature of Controversy

- Eighth Circuit
- Barrier to Entry

6/10/97